

**Department of  
Veterans Affairs**

# Memorandum

Date: June 21, 2013

From: Director, Saint Petersburg Audit Operations Division (52SP)

Subj: Close-out Memorandum: Review of Alleged Inappropriate Consideration in Award of SCIDO Task Order (Project Number: 2013-01738-R9-0099)

To: Director, Hotline Division (53E)

Thru: Deputy Assistant Inspector General for Audits and Evaluations (52A)

This review assessed allegations related to the Office of Acquisition Operations, Technology Acquisition Center (TAC) discontinuing the Spinal Cord Injury and Disorders Outcome (SCIDO) task order with Advance Software Systems, Inc. (ASSYST) and awarding a new SCIDO task order to Systems Research and Applications International Inc. (SRA). The allegations came from Client Services Connection Limited, a subcontractor to ASSYST. The review objectives were to determine whether:

- TAC failed to provide proper notification to ASSYST of their decision to discontinue the SCIDO task order before exercising the next option year.
- TAC improperly awarded a new SCIDO task order to another company (SRA).
- SRA intentionally underbid to win SCIDO task order with the intention to increase costs after receiving the award.

## Background

The TAC provides acquisition support for life cycle management of enterprise-wide IT solutions for the Office of Information and Technology. TAC acquired services in support of the SCIDO requirement through a General Services Administration (GSA) Interagency Acquisition. An Interagency Acquisition is a process by which a requesting agency uses the contracts and/or contracting services of the servicing agency to obtain goods and services.

On February 28, 2011, GSA awarded ASSYST a task order in support of SCIDO, which included a 12-month base period and (4) one-year option periods. The SCIDO task order required ASSYST to provide IT server support to 46 Linux/WebLogic systems at 23 geographically dispersed locations throughout VA. In February 2012, TAC exercised the first option year of the task order extending services through February 23, 2013. On January 15, 2013, GSA notified ASSYST of TAC's decision not to exercise any further options. On January 24, 2013, TAC awarded the new SCIDO task order to SRA, 1 of 15 contractors under a VA Indefinite Delivery Indefinite Quantity contract.

## Methodology

Our review focused on the notification process surrounding the discontinued services and TAC's award of the new SCIDO task order. We conducted fieldwork from March 20, 2013 to June 11, 2013.

We reviewed controls to ensure the contracting policies and actions of the TAC were in compliance with Federal Acquisition Regulations (FAR) and contractual terms. We examined correspondence between the Program Office, GSA, and ASSYST to determine the timeline for notifying ASSYST of TAC's intention to discontinue services. We analyzed the SRA task order and supporting documentation to ascertain if TAC properly solicited, evaluated, and awarded the new SCIDO task order in accordance with FAR requirements. We compared the ASSYST and SRA task order requirements to identify potential concerns with the significantly lower offer submitted by SRA. We also interviewed TAC, GSA and Program Office officials concerning the notification process and the new SCIDO task order identified in the complainant's allegation.

The review was conducted in accordance with Quality Standards for Inspections published by the Council of the Inspectors General on Integrity and Efficiency. We planned and performed the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. The evidence obtained provides a reasonable basis for our results.

## **Summary**

We did not substantiate the three allegations concerning improper notification, improper award of a new task order, and intentional underbidding.

## **Allegation 1 Results**

We did not substantiate the allegation that TAC failed to provide proper notification to ASSYST of their decision to discontinue the SCIDO task order after completion of option year one. The FAR requires prior notification and the contract stated written notification at least 30 days prior to the task order expiration date. The task order expiration date was February 23, 2013. ASSYST received written notification of TAC's decision not to exercise any additional options on January 15, 2013. As a result, ASSYST received the notification 40 days prior to the task order expiration, thus meeting the 30 day requirement.

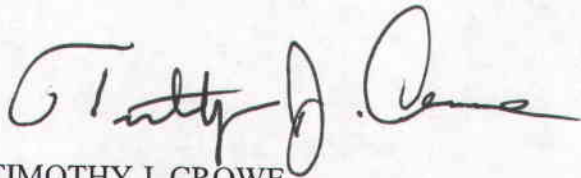
## **Allegation 2 Results**

We did not substantiate the allegation that TAC improperly awarded a new SCIDO task order. According to FAR, the Contracting Officer may exercise an option only after determining that the exercise of the option is the most advantageous method of fulfilling the Government's need, price, or other factors. To determine the most advantageous contracting method, TAC obtained an Independent Government Cost Estimate and solicited 15 pre-qualified contractors, under an IDIQ contract. The solicitation generated three offers from the pool of pre-qualified contractors. An evaluation of the offers found SRA's offer (lowest price technically acceptable) was approximately \$1.1 million less than the ASSYST task order, including a GSA acquisition fee of approximately \$92,000. As a result, TAC determined awarding a new task order to SRA

produced a better price and the most advantageous means of acquiring the SCIDO support services.

### **Allegation 3 Results**

We did not substantiate the allegation that SRA intentionally underbid to win the SCIDO task order with the intention to increase costs after receiving the award. The comparison of the ASSYST and SRA performance requirements showed greater work requirements for SRA; nonetheless, SRA's offer was approximately \$1.1 million less than the ASSYST task order. SRA's offer requires substantially fewer hours performed by more experienced, senior personnel. The VA technical evaluation accepted the reasonableness of SRA's offer. In addition, as of May 2013, neither the program office nor the TAC have received a request from SRA to increase the total cost of the task order.

A handwritten signature in black ink, appearing to read "Timothy J. Crowe". The signature is fluid and cursive, with a large initial "T" and a distinct "J" and "C".

TIMOTHY J. CROWE

Director, Saint Petersburg Audit Operations Division